HEYBURN LESSEE'S APPEAL EXECUTIVE SUMMARY

Staff reviewed all of the appeal letters received by the April 10, 2009 3:00 pm PDT deadline and developed the following executive summary for review and reference in considering the proposed Recreational Residences and Float Home Leases and Fees as well as the Appraisal values.

APPEAL LETTER RESPONSES

As indicated below, 80 lessees (48% of the 166 lessees) filed an appeal letter before the deadline with 69 (41%) of them cottage owners and 11 (7%) of them float home owners. Of the 80 total appeals, 73 lessees (44%) appealed the lease terms and fees and 79 lessees (48%) appealed the appraisal. Of the total cottage lessees, 62 (44%) appealed the lease terms and fees and 68 (48%) appealed the appraisal. Of the 11 appealing float home owners (46% of the total float home lessees), all appealed both the lease terms and fees and the appraisal.

	APPEALS RECEIVED					
	LEASE TERMS*		APPRAISAL*		TOTAL**	
	#	%	#	%	#	%
COTTAGE	62	44%	68	48%	69	41%
FLOAT HOME	11	46%	11	46%	11	7%
TOTAL**	73	44%	79	48%	80	48%

* Percentages based upon the total number of respective cabin and float home lessees.
** Percentages based upon the number of total lessees.

The Department also received an *Appeal and Request for Extension of Time to Amend and Perfect Appeals* on behalf of the Heyburn State Park Leaseholders Association, Inc. and Others Similarly Situated prior to the deadline from their legal counsel. The document identified 86 members (52% of the lessees) as of March 31, 2009. Several individuals utilized this same document with their specific name and lot number identified as their appeal letter and some sent it in as an addition to their appeal letter; hence, staff included the document's various comments and recommendations in the following summary. In addition, 31 lessees, as identified at the end of the summary, appealed "lot specific criteria" of their appraisal requiring staff to review their lots independently. The Department received three formal appeal letters after the deadline and, as of April 28, 2009, the Department received 44 of the Leaseholders Assn. legal counsel appeals from lessees for their specific lots after the deadline.

In reviewing the appeal letters, staff identified the following general comments:

- The overall increase in fees due to the appraisal and the new, increased utility fees will change the overall atmosphere of the lease areas.
- Leases will not be affordable causing lessees to sell their cabins/float homes and in turn eliminate the current lessees which are made up of primarily average, blue collar type owners with a higher end lessee.
- Cabins/float homes will not be sellable.

- Cabins/float homes have been in the family a number of years and in some cases generations but they will not be able to retain their lease at the new fees.
- Bought their Heyburn cabin because they wanted to own a family cabin on the lake that was affordable but the new fees will now cause them to give up this dream.

Staff identified the following specific comments and recommendations and have separated them out based upon the Lease Terms and Proposed Fees appeals and the Appraisal appeals, and then by Cottage and Float Home for reference and review. Staff consolidated same and similar comments/recommendations, and then identified the number thereof as indicated at the end of each. All letters provided comments with a small percentage providing actual "recommendations" with most recommendations restating the comment.

LEASE TERMS AND PROPOSED FEES APPEALS

COTTAGES

3. Lease Term

   Comments:
   - Term is for ten years but reappraisal is every five years providing a short term known quantity for the lessees, this is flawed and unfair decreasing the site's value.

   Recommendations:
   - A longer term such as 20 – 30 years providing more security.

4. Renewal

   Comments:
   - Ten year term without automatic renewals results in limited maintenance and no additional capital improvements of site by lessees. 8

5. Lease Payment

   Comments:
   - Lease rate does not take into account lease restrictions. 16
   - Lease fee too high especially when compared to other state leases that are only 2.5%. 14
   - Appears to be arbitrary, unreasonable. 12
   - Studies relied upon to establish 5% do not reflect current or local market conditions. 8
   - Adherence to rules and regulations not considered when setting the rental rates. 8
   - Charging of excessive rents diminishes the leasehold value and lessees' improvements so as to constitute a violation of Idaho and United State constitutions. 8
   - Proposed rent is not reasonable as required under applicable provisions of Idaho law and any and all rules promulgated thereunder. 8
   - Exceeds local returns for unplatted local recreation land; therefore, arbitrary and unreasonable. 8
   - Lease fee is excessive, especially when property values/economy are declining. 6
   - Lessees are carrying the burden of the park's financial situation. 5

- Lease limitations and restrictions make the lot values incomparable to other properties and limit their use. 3
- It is disproportionate for the services provided. 3
- Devalues the property. 3
- Using 5% of a lot held in fee simple is unfair. 2
- If appraised value increases, the 5% of FMV should be decreased so that can continue to afford lease.
- Needs to be fair and affordable.
- The starting point for a 10% return on fee simple appraisal is indefensible (this appears to address discussions at the 2001 Board meeting that the current decision was based upon).
- IDPR Board 2001 discussions included considering the fact the property is not taxed thus the 5% should be reduced.
- Do not object to the 5%.
- Understand that lessee enjoys benefits associated with the leasehold interest.
- Fee is for leasing land not buying land.
- Should not have changed language from 1 – 5% to 5%, eliminated dealing fairly with cabin owners.
- Told lease rates were put in place to encourage use, has this changed?
- Precedent set by "Cabin User Fee Fairness Act (CUFFA)" to a 5% fee simple FM basis is unrealistically unfair in today's volatile market.
- Setting the fee payment at 5% raises the fee by more than double representing an unfair, burdensome, and arbitrary new usage tax.
- No guarantee fees will be used exclusively for the park and its improvements.
- 2001 Board decision noted that the park would be maintaining the water and sewer system as partial justification for the 5%.
- Appraisal is flawed due to current conditions and comparables used so the 5% continues the over inflation.
- The current 5% is not comparable (greatly inflated) to what local counties are charging for property taxes.
- Do not agree with comparing to the USFS rate of 5% since their appraisals are lower and they provide seclusion.
- If based upon value of lots times rate of return, needs to be reduced.
- No basis for the 5%.

Recommendations:

- Lease fee should be comparable to other state leases (in particular IDL's 2.5% rate) and other Government leases. 8
- The rate should be 2.5%. 6
- Lease restrictions need to be factored in. 4
- The current rate of return on a 10-year U.S. Treasury Bond is under 3%, which is what should be used and not 10% with current restrictions factored in resulting in 1.5%. 3
- Reduce 5% of FMV to make lease affordable.
- Increase park fees.
- Reduce the 5% due to property not being taxed and as a consequence no monetary benefits accrue from ownership by lessees or other investors.

- Should be proportional to the allowable time of use.
- Base the rate on the prevailing rate of a 10-Year Treasury Bill at the time of renewal; thus, mirroring the state of the economy.
- There should be side boards on the rate such as not higher than 5%.
- Base the rate on the Idaho State Treasurer's rate of return on investing in Local Government Investment Pool.
- Other revenue generated in the park, especially with increases due to the TOC, needs to be taken into consideration.
- Should not be built upon maximizing revenue for the state but transparent and include objectives optimizing the ability for the typical lessee to remain and the ability to improve the park.
- Should use an established long term base value such as Bureau of Labor Statistics CPI (this appeared to be the table that was referenced) as a reasonable rate of return.
- Rates should be based upon the fair market value of the rights and privileges authorized in the leases.
- Set lease rate at 4% which is more in line with current investment returns.
- Base the rate on a "Fair Rate of Return Base Upon Market Rents".
- Utilize Kootenai or Benewah levy rates based upon where comparable appraisals are done.

5.c. Lease Payment, Annual Base Rate Adjustment

Comments:

- Basis for CPI has not been adequately explained or justified.
- Should strive to retain long-term lease holders.
- Need predictability and not having to deal with annual fees changing yearly.
- Allows for an additional arbitrary rate increase compounding the unfair lease rate.
- Do not agree with the removal of the language limiting the increases as stated in the original draft lease.
- Do not agree with increasing annually using the CPI, has the potential to greatly increase the lease payment.
- Devalues the property.

Recommendations:

- Place an appropriate cap on the ceiling and floor for the potential annual increases (0% - 5%). 2
- Review validity of CPI and provide justification.
- Needs to be a cap on the amount of swing from year to year.
- Eliminate and use only the mid-term base adjustment.

5.d. Lease Payment Schedule

Comments:

- The January 1 due date follows the December 20 property tax due date and Christmas.
- Do not agree with $200 split payment fee (the county does not charge this with taxes).

Recommendations:

- Change due date to later in the year allowing for better budgeting.
- Eliminate the $200 split payment fee.

6. Reappraisals/Appeals

Comments:
- This actually shortens the lease term to 5 years.

Recommendations:
- Longer lease term with a 10 year reappraisal (cost savings to the state).
- Remove 5 year appraisal language.

7. Recreational Use and Occupancy

Comments:
- Object to the continued 6-month occupancy limitation. 3
- Lessee should be able to use the cabin year round.
- Greatly reduces the value of the leasehold.

Recommendations:
- 6 month rule should apply to all or none. 2
- Allow year round use.
- A 9 month lease would reasonably accomplish the same goal as the 6 month lease.

8. Subleasing

Recommendations:
- Allow subleasing up to three times per year to offset increase in utility costs.

10. Construction/Reconstruction

Comments:
- Covenants and restrictions greatly reduce the leasehold interest.
- Section g. includes consideration of whether or not the lot is in a "phase out" area or not. This has been forgotten and no longer viable but still devalues the property.

Recommendations:
- Remove the language to consider whether a site is in a "phase out" area when determining reconstruction approval.

11. Maintenance of Recreational Residences

Comments:
- Agree with the spirit of the section but it imposes covenants and restrictions that reduce the leasehold interest value.

11.c. Maintenance of Recreational Residences, Exterior Colors

Comments:
- Language is not definitive with respect to the colors that lessee can use.

Recommendations:

- Make language definitive making it easier for the lessee to understand and staff to explain and enforce.

11.f. Maintenance of Recreational Residences, Landscaping

Comments:

- Language is not definitive with respect to the colors that lessee can use.
- Required to maintain lot and remove hazard trees at own expense with lessor approval, a service the lease holders provide to the park and taxpayers.

Recommendations:

- Make language definitive making it easier for the lessee to understand and staff to explain and enforce.

12. Utilities, Trash Disposal, and Street Lights

Comments:

- Do not agree with paying for roads and water when no assurances funds will go towards their improvement. 10
- Inaccurate percentage share of cabin use. 8
- Excessive considering the use and limitations under the lease. 8
- Charging of excessive utility charges diminishes the leasehold value and lessees' improvements so as to constitute a violation of Idaho and United State constitutions. 8
- Being charged as though use the cabin year round. 5
- Lessees are subsidizing park projects that benefit all. 4
- Understand the new utility fees and that they may be justified. 3
- Support improvements of roads and water supplies. 3
- Recognize that all of the planned projects are for the betterment of and are critical to the park. 2
- Lights are not located to the benefit of lessees so should not have to pay for. 2
- Flat fee for water is not fair and penalizes the lessee who limits consumption and rewards the heavy water users.
- No objection to water fee as long as assured will not experience loss of potable water like just happened.
- No problem paying a reasonable fee.
- Object to rationale that tax payers are being asked to subsidize these benefits when clearly states that lessees more than pay for what they use.
- Understand needed, but these are the state's responsibility.
- Paid for water system themselves a couple of years ago.
- Road maintenance is the park's responsibility and included in the 5% fee.
- No reason for 15% contingency fee.
- Park Board used park's maintenance of sewer and water in justification for 5% fee so should not be charged for these.
- Double charging for water and sewer when maintenance is added to the operating costs.
- Method of analyses is incorrect and needs to be changed (provided their own calculations).

- Arbitrarily determined gallons of use (provided their own breakdown to show how the percentages of use should have been determined).
- Road maintenance costs are excessive.
- IDPR has already prorated the utility rates for future increases and allocations.
- Park does not do road maintenance.
- Double jeopardy when charging for both appraised value of the property and utilities.
- Utility cost worksheets charges lessees to pay for existing system then collecting twice for the improvements, first through appraisal and second in utility cost.
- Not clear as to how the costs were arrived at.
- The majority of costs are being placed upon the lessees when in reality the majority should be on state.
- Utility data does not reflect who developed, what assumptions used, and who reviewed and certified.
- Incorrect life cycle used, should have been 50 and not 29.
- Replacement of capital items extends the useful life span of system and should be consistent with Government Accounting Standards Board standard 34.
- Does not follow the standard formula for LCC analysis which is as follows: $LCC = Cc + M_{pw} + E_{pw} + R_{pw} - S_{pw}$.
- Formula used is flawed because it failed to deduct salvage value of the system in the final year.
- Average daily flows are in error because used three bedroom basis when all are small mostly two bedroom residences.
- Cabin flows were based upon peak day flows when other facilitates appear to be given minimum or average day flows.
- Formula assumes 30 year lease but as proposed lessees required to contribute to a 19 year sinking fund for capital replacement which they are not guaranteed a benefit from.
- Use of sewage flows to determine water use in not a recognized methodology.
- No statutory authority to collect funds in advance of future improvements.
- Combining the 3% escalation with the proposed 15% contingency is a double charge escalating the inflation rate to 18% for the sinking fund.
- Contingency should only be applied to operation and maintenance.
- Contingency should only be collected in the event there is an overrun in the maintenance and operation costs otherwise it becomes a forced general fund contribution.

Recommendations:

- Need assurances that funds will be utilized for what they are being collected for placing them in a protected special fund. 8
- Fair accounting of percentage associated with lessees and with park needs to be determined and clearly shown. 3
- Fees should be prorated according to use. 2
- Provide a credit for undrinkable water the past two years. 2
- Reduce the lease fee amount so that the overall annual lease fee plus utility costs are more affordable.
- Install water meters and charge accordingly.
- Lease restrictions need to be factored in.

- Trash removal costs should include park removal of limbs and debris and adequate number of dumpsters to handle use.
- If not decreased, need to provide a payment plan.
- Increase park fees.
- Rates should be lower since actual usage is less than half the year.
- Need to build in credit for the inconveniences over the next several years as projects are developed.
- Need to invest in the future for long term revenue not for short term gains.
- Structure fees to the maximum extent possible toward improvements throughout the park.
- Annual grading and oiling of roads is less expensive.
- Eliminate contingency fees.
- Utility fee data needs to reviewed and validated by an independent party.

13. Sewage

Comments:

- Inaccurate percentage share of cabin use. 8
- Lease requires lessee to dispose of all sewage, development of new sewage system removes this obligation. 8
- Costs are extremely high for limited use. 6
- Look forward to/support the new sewage treatment system. 6
- Several lessees have approved septic systems. 5
- Pleased that concessions have been made to provide sewer hookups.
- Expect significant one time installation cost and annual maintenance fee but costs presented are unfounded and unreasonable. 2
- Amount too high for 6 months of usage. 2
- Method of analyses is incorrect and needs to be changed (provided their own calculations). 2
- Can’t charge for something that is not installed.
- Paragraph c places additional restrictions on the lease reducing the leasehold value.
- Understand needed, but this is the state’s responsibility.
- Cabin owners should not be expected to finance the sewer system.
- Park Board in 2001 used park’s maintenance of sewer and water in justification for 5% fee; hence, should not be charged for these.
- Double charging for water and sewer when maintenance is added to the operating costs.
- Arbitrarily determined gallons of use (provided their own breakdown to show how the percentages of use should have been determined).
- Need for sewer is a “park” problem not a cabin problem.
- Understand that a sewer system of this sort needs to be “active” so concerned that maintenance costs will be higher since it sits idle a portion of the year.
- Seems extreme to place such a large portion of the on-going cost on the lessees the same year as extraordinary fee increases.
- No objections so long as fee is not assessed until connected to the system and the 5% base rate is considered.
- Long term maintenance fees built into the cost but can only lease for 10 years.

- Not fair to be asked to pay for a sewer system that comes to Rocky Point last.
- Recognize the need for increased costs associated with the new sewer system.
- Improvement was included in appraisal so charging again through fees seems like double taxation.
- Incorrect life cycle used, should have been 50 years and not 29.
- Replacement of sewage lagoon liner extends the useful life span of system and should be consistent with Government Accounting Standards Board standard 34.
- Does not follow the standard formula for LCC analysis which is as follows: $LCC = Cc + M_{pw} + E_{pw} + R_{pw} - S_{pw}$.
- Formula used is flawed because it failed to deduct salvage value of the system in the final year.
- Average daily flows are in error because used three bedroom basis when all are small mostly two bedroom residences.
- Cabin flows were based upon peak day flows when other facilitates appear to be given minimum or average day flows.
- Formula assumes 30 year lease but as proposed lessees required to contribute to a 19 year sinking fund for capital replacement which they are not guaranteed a benefit.

Recommendations:

- Provide for amendment upon completion of the sewage system to remove the lessees' obligation to dispose of sewage. 8
- Need to recalculate ratio of costs between lessees and park and clearly show. 3
- Allow those with approved septic systems to retain them. 2
- Initiate only once the system is complete and on-line. 2
- Ensure locations of manholes are far removed from cabins. 2
- Need assurances that funds will be utilized for what they are being collected for. 2
- Lease restrictions need to be factored in.
- Limit destruction of lease sites as system in constructed.
- Establish a flexible hook-up date for those with an approved septic system.
- Initial costs should be depreciated over lifespan.
- If not decreased, need to provide a payment plan.
- Increase park fees.
- Include cabin owners in long-term planning so they can plan accordingly.
- Correct other problems in park (parking, roads, etc.) before starting new ones.
- Would improve own system rather than pay additional costs.
- Fees should be prorated according to use.
- Spread the cost around and charge incrementally.
- Allow lessees to sub-lease cabin up to three times annually to help mitigate the additional costs.
- Lower to a reasonable rate.
- Proportionate shares should be based upon the depreciation of the system during the ten year lease period.

14. Ingress and Egress

Comments:

- Reduces the leasehold interest value.

15. Motor Vehicles

    Comments:
    - Reduces the leasehold interest value.

18. Rules and Regulations

    Comments:
    - Unstated rules and regulations are referenced but not incorporated or included in the lease. 8

20. Treatment of Improvements Upon Termination of Lease

    Comments:
    - Structure removal requirement results in limited maintenance and no additional capital improvements of site by lessees. 8
    - Devalues the market worth of the lease. 3
    - New lease removes the terminology requiring the Lessor to help pay removal costs removing the protection lessees have against lease cancellation with lease breech and reducing FMV of the recreational sites and rate of return. 2
    - Do not agree with verbiage allowing the Department to buy at FMV or requiring the lessee to remove at their expense – close to a “taking” or “eminent domain”. 2

    Recommendations:
    - Remove paragraphs d, e, and f which is in effect taking personal property without justification.
    - Reword to make it more appropriately equitable for the lessees.
    - Eliminate the option of disposing of property at lessees’ expense.
    - Include a mandatory buyout at FMV.

<u>FLOAT HOMES</u>

3. Lease Term

    Comments:
    - Do not agree with term. 2
    - Will preclude being able to make improvements.

    Recommendations:
    - Term should be for 10 years. 2
    - Term should be perpetual and assignable, at a minimum renewable every 10 years at the option of the lease holder.

5. Lease Payment

    Comments:
    - Lease fee too high especially when compared to other state leases that are only 2.5%. 8

- The manner used and the percentage used is unconscionable, outrageous, and unreasonable, and should not be increased in these ”depressed” economic times.
- Increasing fees during economic tough times is counter to the objective of elected officials and the primary purpose of the park.
- If based upon value of lots times rate of return, needs to be reduced.
- Too high considering the current economic down fall.

Recommendations:

- Do not increase fees for at least five years or until full water and sewage disposal systems are set up and accessible by all lessees.
- Department must pursue equitable fairness to make sure that recreation at Heyburn is affordable to long-time users and lease holders.
- All state lease holders should pay the same 2.5%.

5.d. Lease Payment Schedule

Comments:

- Unfair to include an annual increase based upon CPI if going to reappraise every five years. 7

Recommendations:

- Remove the CPI provision. 7
- If not going to remove, then it should be capped to be no more that 2% - 3%. 7

10. Assignment

Comments:

- Lessees should not have any restrictions on assigning their leases to someone else.

Recommendations:

- Lessee should have full rights to sell float home to anyone they want and the new owner retain all lease rights without Department approval.

11. Maintenance of Recreational Residences

Comments:

- Some cabins (float homes) have a mess and it causes a black eye to all.

Recommendations:

- Would like to see new requirements on maintaining shore junk behind the float homes.

12. Utilities, Trash Disposal, and Street Lights

Comments:

- Do not agree with since have to haul own water, do not use trails and roads during winter months, and only use garbage during summer months not year round. 9
- Once hooked up to the systems then expect to pay fair share. 7
- Current fee for trash, water, sewage and street lights is a fair price.

- Do not agree with proposed road fees since it cannot be guaranteed for the park and do not feel cause any more damage than any other vehicle using park roads.
- Proposals for the float homes to pay different fees appears to be the result of a specific interest group negotiating a separate deal – all dispose of trash ,use roads, benefit from street lights.
- Have access to but not hooked up to the system.

Recommendations:

- Do not charge for water until float homes are hooked up. 7
- All (cabins and float homes) should pay the same fee.
- Do not charge float homes fees for the utilities.

13. Sewage

Comments:

- Adhering to PHD requirements will require eliminating port a potty use, installation of electric toilets, better grey water tanks, and other associated upgrades increasing costs. 8
- Once hooked up to the systems then expect to pay fair share. 7
- Do not agree with because it is not provided. 3
- Have access to but not hooked up to the system.
- Should not have to certify current grey water disposal systems.

Recommendations:

- If the boat pump is not available should not charge. 7
- If the boat pump is available, charge should be based upon estimated volume of 23,000 gallons. 7
- Current grey water disposal systems should be determined "as is" until an affordable sewage disposal system is made available by the park.
- Do not charge float homes fees for the sewer.
- Reduce the lease rate so can make PHD required improvements.

17. Idaho Department of Parks and Recreation Rules and Regulations

Comments:

- Dogs are being allowed to run free, some are vicious and threatening, and some make a mess on the trails and are not cleaned up after.
- Hidden Lake is small and very busy with a lot of skiers and tubers.

Recommendations:

- Enforce pet rules.
- Make Hidden Lake a no wake safety zone.

18. Relocation to Chatcolet Marina

Comments:

- This will dramatically change the character of Chatcolet.

Recommendations:

- Strive to minimize impacts on Chatcolet.

19. Relocation or Removal in Event Chatcolet Marina is Not Constructed of Lessee Declines to Move to Chatcolet Marina; Treatment of Improvements and
20. Fair Market Value of Improvements and
21. Termination

Comments:

- Do not agree with not providing a buyout in the event that float home cannot or decides not to move into marina. 7

Recommendations:

- Need to include language to indicate that the Department will secure funding prior to requiring the float homes to be removed from the park. 7

APPRAISAL APPEALS

COTTAGES

Comments:

- It is inflated and does not reflect the current depressed economy nor the significant drop in land prices since the appraisal was done. 47
- Land values do not adequately address the restrictions associated with the lots. 27
- Appraisal considered primarily Kootenai Cnty sales and not Benewah Cnty sales. 17
- Lease limitations and restrictions make the lot values incomparable to other properties and limit their use. 16
- Denied procedure due process by refusal of state to provide relevant supporting appraisal data as requested. 8
- Values are based upon waterfront comparables but lease restricts exclusive use of waterfront so results in overcharge to lessee. 8
- Most lessees are regular people, not wealthy, so the increase will change ownership and use of the park. 5
- Appraisals are based upon comparable sites where the cabin owner owns the land not on leased lands. 3
- Lessees are carrying the burden of the park's financial situation. 2
- Values have decreased due to park structures not maintained and lake conditions deteriorating due to milfoil. 2
- The value should be placed on the land and not the home. 2
- Park has not made improvements to the area to increase land values. 2
- Being located in a phase out zone impairs the value of the lot. 2
- Appraisal process must be fair for all not allowing those with the financial resources to hire experts to arrange better deals that their neighbors.
- The comparable lots used were all much larger and the appraiser should have scaled down the appraisals accordingly to better represent the leased lot sizes.
- Do not have fee simple ownership of lots so using this model is wrong.
- Since there were few lots for comparison the appraisal is not accurate.

- Did not use Uniform Standards of Professional Appraisal Practices (USPAP).
- Appraisal reconciled at the high end of the value range with no supporting documentation.
- Arbitrary judgment call.
- Each lot is unique so should not use the same base identified as "Typical" for each one and then adding or subtracting percentages.
- Without legal descriptions and surveyed lot sizes associated property rights are unknown so cannot fairly appraise lots.
- Agree that leased property value has increased.

Recommendations:

- Need to redo appraisal. 9
- Need to consider restrictions. 5
- Consider two lots north of St. Maries on the St. Joe River. 2
- Keep it fair and affordable. 2
- Use an incremental approach (one example was over 10 years). 2
- Need to use timeshares and their resale values as comparisons.
- Use all information to the fairness of all.
- Need to revise or abandon fee-simple methods and develop a simpler flat fee where all pay the same.
- Do not reappraise just use a 2.5% rate of return.
- Reduce by 40% (includes lot size reduction and current real estate reduced values).
- Need to include "negative location adjustments" to factor in difference of location on Chat Lake as opposed to Lake CdA.
- Need to use Uniform Standards of Professional Appraisal Practices (USPAP).
- Need to reconcile the value range around the "Mean" and support with the "Medium".
- Work with lessees to come to a percentage increase that all can agree upon.
- Need to take into consideration much more extreme variables when considering parking, terrain, and access.
- Timber should not be included when evaluating the land since have no timber rights.
- Lot size should not be included since lots have not been surveyed.

<u>FLOAT HOMES</u>

Comments:

- Appraiser had no real comparables to determine value associated with float homes. 9
- Fee Simple Model is not applicable due to the lease restrictions. 8
- It is inflated and does not reflect the current depressed economy nor the significant drop in land prices since the appraisal was done. 2
- There are no similar lot areas available for sale and Heyburn cannot sell the lots; therefore, there cannot be a market and no FMV.
- FMV causes the lease fee increase to be unconscionable, outrageous, and unreasonable.
- FMV was determined by the lot value and not the personal property value which makes it unconscionable, outrageous, and unreasonable.
- Believe the $55,000 is FMV for a float home.

- Appraisal considered primarily Kootenai County sales and not Benewah County sales.

Recommendations:

- A discount should be applied due to the many lease/utility restrictions. 7
- Use something other than a Fee Simple Model.

<u>INDIVIDUAL LEASE APPRAISAL APPEALS</u>

Wagner, 648-H-09
Broemmeling, 566-H-09
Fulfs, 596-H-09
Lacey, 560-H-09
Hagan, 559-H-09
Beckett, 622-H-09
Reid, 588-H-09
Schroeder, 516-H-09
Shaffer, 614-H-09
Greenville, 551-H-09
Waterman, 513-H-09
Thomas, 567-H-09
Gearhiser, 613-H-09
Nelson, 581-H-09
Bender, 621-H-09
Ruggiero, 658-H-09
Sovereign, 548-H-09
Kump, 569-H-09
Miller, 599-H-09
Menke, 612-H-09
Salisbury, 640-H-09
Friberg, 660-H-09
Flansberg, 534-H-09
Parkins, 606-H-09
Chamberlain, 539-H-09
Jones, 518-H-09
Dikes, 542-H-09
West, 594-H-09
Wagstaff, 663-H-09
Cook, 546-H-09
Ackerman, 505-H-09